

MOR-1

CASE NAME: DRILLING STUCTURES INTERNATIONAL, INC.
CASE NUMBER: 18-33395
PROPOSED PLAN DATE: 9/1/2018

UNITED STATES BANKRUPTCY COURT

PETITION DATE: 6/25/2018
DISTRICT OF TEXAS: Southern
DIVISION: Houston

MONTHLY OPERATING REPORT SUMMARY FOR MONTH

YEAR

MONTH	6/30/2018					
REVENUES (MOR-6)	0.00	0.00	0.00	0.00	0.00	0.00
INCOME BEFORE INT; DEPREC./TAX (MOR-6)	-19,155.82	0.00	0.00	0.00	0.00	0.00
NET INCOME (LOSS) (MOR-6)	-19,155.82	0.00	0.00	0.00	0.00	0.00
PAYMENTS TO INSIDERS (MOR-9)	7,881.17	0.00	0.00	0.00	0.00	0.00
PAYMENTS TO PROFESSIONALS (MOR-9)	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL DISBURSEMENTS (MOR-8)	16,557.52	0.00	0.00	0.00	0.00	0.00

The original of this document must be filed with the United States Bankruptcy Court and a copy must be sent to the United States Trustee

REQUIRED INSURANCE MAINTAINED AS OF SIGNATURE DATE		EXP. DATE
CASUALTY	YES () NO ()	— — —
LIABILITY	YES (X) NO ()	07 - 31 - 2019
VEHICLE	YES (X) NO ()	08 - 24 - 2018
WORKER'S	YES (X) NO ()	07 - 31 - 2019
OTHER	YES () NO ()	— — —

Are all accounts receivable being collected within terms?	CIRCLE ONE
<input type="checkbox"/> Yes	<input type="checkbox"/> No
Are all post-petition liabilities, including taxes, being paid within terms?	CIRCLE ONE
<input type="checkbox"/> Yes	<input type="checkbox"/> No
Have any pre-petition liabilities been paid?	CIRCLE ONE
<input type="checkbox"/> Yes	<input type="checkbox"/> No
If so, describe _____	
Are all funds received being deposited into DIP bank accounts?	CIRCLE ONE
<input type="checkbox"/> Yes	<input type="checkbox"/> No
Were any assets disposed of outside the normal course of business?	CIRCLE ONE
<input type="checkbox"/> Yes	<input type="checkbox"/> No
If so, describe _____	
Are all U.S. Trustee Quarterly Fee Payments current?	CIRCLE ONE
<input type="checkbox"/> Yes	<input type="checkbox"/> No
What is the status of your Plan of Reorganization?	

ATTORNEY NAME: RICHARD L FUQUA
FIRM NAME: FUQUA & ASSOCIATES, P.C.
ADDRESS: 5005 RIVERWAY, SUITE 250
HOUSTON, TX 77056
CITY, STATE, ZIP:
TELEPHONE/FAX: 713-960-0277 AND 713-960-1064

MOR-1

I certify under penalty of perjury that the following complete Monthly Operating Report (MOR), consisting of MOR-1 through MOR-9 plus attachments, is true and correct.

SIGNED: Josephine Sloan TITLE: Accounting Hgr.
Josephine Sloan (ORIGINAL SIGNATURE)
(PRINT NAME OF SIGNATORY) DATE 7/20/18

CASE NAME: DRILLING STUCTURES INTERNATIONAL, INC.
CASE NUMBER: 18-33395

COMPARATIVE BALANCE SHEETS

ASSETS	FILING DATE*	MONTH 6/25/2018	MONTH 6/30/18	MONTH	MONTH	MONTH	MONTH	MONTH
CURRENT ASSETS								
Cash	31,416.37	13,722.69						
Accounts Receivable, Net	189,280.93	189,280.93						
Inventory: Lower of Cost or Market	8,005,483.07	8,005,483.07						
Prepaid Expenses	112,278.86	112,278.86						
Investments	3,226,081.70	3,226,081.70						
Other	240,266.00	240,266.00						
TOTAL CURRENT ASSETS	11,804,806.93	11,787,113.25		0.00	0.00	0.00	0.00	0.00
PROPERTY, PLANT & EQUIP. @ COST	6,017,884.71	6,017,884.71						
Less Accumulated Depreciation	4,228,755.39	4,228,755.39						
NET BOOK VALUE OF PP & E	1,789,129.32	1,789,129.32		0.00	0.00	0.00	0.00	0.00
OTHER ASSETS								
1. Tax Deposits								
2. Investments in Subsidiaries	2,816,079.74	2,816,079.74						
3. Electric Deposit								
4.								
TOTAL ASSETS	\$16,410,015.99	\$16,392,322.31		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

* Per Schedules and Statement of Affairs

MOR-2

CASE NAME: DRILLING STRUCTURES INTERNATIONAL, INC.
CASE NUMBER: 18-33395

COMPARATIVE BALANCE SHEETS

LIABILITIES & OWNER'S EQUITY	FILING DATE*	MONTH 6/25/2018	MONTH 6/30/2018	MONTH	MONTH	MONTH	MONTH
LIABILITIES							
POST-PETITION LIABILITIES(MOR-4)			3,945.59				
PRE-PETITION LIABILITIES							
Notes Payable - Secured	698,222.33	680,168.49					
Priority Debt	9,048,894.11	9,070,982.29					
Federal Income Tax	-116,787.44	-116,787.44					
FICA/Withholding	1,621.83	1,621.83					
Unsecured Debt	63,695.37	63,606.62					
Other	6,118,747.85	6,118,747.85					
TOTAL PRE-PETITION LIABILITIES	15,814,394.05	15,814,394.05	0.00	0.00	0.00	0.00	0.00
TOTAL LIABILITIES	15,814,394.05	15,818,339.64	0.00	0.00	0.00	0.00	0.00
OWNER'S EQUITY (DEFICIT)							
PREFERRED STOCK	57,000.00	57,000.00					
COMMON STOCK							
ADDITIONAL PAID-IN CAPITAL	-354,321.76	-354,321.76					
RETAINED EARNINGS: Filing Date	892,943.70	871,354.43					
RETAINED EARNINGS: Post Filing Date							
TOTAL OWNER'S EQUITY (NET WORTH)	595,621.94	574,032.67	0.00	0.00	0.00	0.00	0.00
TOTAL LIABILITIES & OWNERS EQUITY	\$16,410,015.99	\$16,392,372.31	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

* Per Schedules and Statement of Affairs

MOR-3

CASE NAME: DRILLING STUCTURES INTERNATIONAL, INC.
CASE NUMBER: 18-33395

SCHEDULE OF POST-PETITION LIABILITIES

	MONTH Jun-18	MONTH	MONTH	MONTH	MONTH	MONTH
TRADE ACCOUNTS PAYABLE						
TAX PAYABLE						
Federal Payroll Taxes						
State Payroll Taxes						
Ad Valorem Taxes						
Other Taxes						
TOTAL TAXES PAYABLE	0.00	0.00	0.00	0.00	0.00	0.00
SECURED DEBT POST-PETITION	-18,053.84					
ACCRUED INTEREST PAYABLE						
ACCRUED PROFESSIONAL FEES*						
OTHER ACCRUED LIABILITIES						
1. PRIORITY DEBT	22,088.18					
2. UNSECURED DEBT	-88.75					
3.						
TOTAL POST-PETITION LIABILITIES (MOR-3)	\$3,945.59	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

*Payment requires Court Approval

MOR-4

CASE NAME: DRILLING STRUCTURES INTERNATIONAL, INC.
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AGING OF POST-PETITION LIABILITIES
MONTH Jun-18

DAYS	TOTAL	TRADE ACCOUNTS	FEDERAL TAXES	STATE TAXES	AD VALOREM, OTHER TAXES	MONTH OVERHEAD
0-30	-109,680.52	116,533.57		269.50		6,856.05
31-60	45,607.94	-116,641.44				71,033.50
61-90	15,415.95	0.00				-15,415.95
91+	52,602.22	-1,244.44				-57,445.20
TOTAL	\$3,945.59	(\$1,352.31)	\$0.00	\$269.50	\$0.00	\$5,028.40

AGING OF ACCOUNTS RECEIVABLE

MONTH	Jun-18					
0-30 DAYS	51,279.55					
31-60 DAYS	1,800.00					
61-90 DAYS	0.00					
91+ DAYS	136,201.38					
TOTAL	\$189,280.93	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

MOR-5

CASE NAME: DRILLING STRUCTURES INTERNATIONAL, INC.
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STATEMENT OF INCOME (LOSS)

	MONTH Jun-18	MONTH	MONTH	MONTH	MONTH	MONTH	FILING TO DATE
REVENUES (MOR-1)	0.00						0.00
TOTAL COST OF REVENUES	494.01						494.01
GROSS PROFIT	-494.01	0.00	0.00	0.00	0.00	0.00	-494.01
OPERATING EXPENSES:							
Selling & Marketing	386.23						386.23
General & Administrative	10,915.11						10,915.11
Insiders Compensation	4,990.47						4,990.47
Professional Fees	781.90						781.90
Other							0.00
Other							0.00
TOTAL OPERATING EXPENSES	17,073.71	0.00	0.00	0.00	0.00	0.00	17,073.71
INCOME BEFORE INT, DEPR/TAX (MOR-1)	-17,567.72	0.00	0.00	0.00	0.00	0.00	-17,567.72
INTEREST EXPENSE							0.00
DEPRECIATION							0.00
OTHER (INCOME) EXPENSE*							0.00
OTHER ITEMS**							0.00
TOTAL INT, DEPR & OTHER ITEMS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NET INCOME BEFORE TAXES	-17,567.72	0.00	0.00	0.00	0.00	0.00	-17,567.72
FEDERAL INCOME TAXES							0.00
NET INCOME (LOSS) (MOR-1)	(\$17,567.72)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$17,567.72)

Accrual Accounting Required, Otherwise Footnote with Explanation.

* Footnote Mandatory.

** Unusual and/or infrequent item(s) outside the ordinary course of business requires footnote.

MOR-6

CASE NAME: DRILLING STUCTURES INTERNATIONAL, INC.
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CASH RECEIPTS AND DISBURSEMENTS	MONTH 0630/2018	MONTH	MONTH	MONTH	MONTH	MONTH	FILING TO DATE
1. CASH-BEGINNING OF MONTH	\$30,330.21						\$30,330.21
RECEIPTS:							
2. CASH SALES							0.00
3. COLLECTION OF ACCOUNTS RECEIVABLE							0.00
4. LOANS & ADVANCES (attach list)							0.00
5. SALE OF ASSETS							0.00
6. OTHER (attach list)							0.00
TOTAL RECEIPTS**	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Withdrawal) Contribution by Individual Debtor MPR-2*							0.00
DISBURSEMENTS:							
7. NET PAYROLL	8,796.39						8,796.39
8. PAYROLL TAXES PAID	3,295.93						3,295.93
9. SALES, USE & OTHER TAXES PAID	288.75						288.75
10. SECURED/RENTAL/LEASES							0.00
11. UTILITIES & TELEPHONE							0.00
12. INSURANCE							0.00
13. INVENTORY PURCHASES	Interim Interest						0.00
14. VEHICLE EXPENSES							0.00
15. TRAVEL & ENTERTAINMENT							0.00
16. REPAIRS, MAINTENANCE & SUPPLIES							0.00
17. ADMINISTRATIVE & SELLING							0.00
18. OTHER (attach list) CONTRACT LABOR	4,176.45						4,176.45
TOTAL DISBURSEMENTS FROM OPERATIONS	16,557.52	0.00	0.00	0.00	0.00	0.00	16,557.52
19. PROFESSIONAL FEES							0.00
20. U.S. TRUSTEE FEES							0.00
21. OTHER REORGANIZATION EXPENSES (attach list)							0.00
TOTAL DISBURSEMENTS**	16,557.52	0.00	0.00	0.00	0.00	0.00	16,557.52
22. NET CASH FLOW	-16,557.52	0.00	0.00	0.00	0.00	0.00	-16,557.52
23. CASH - END OF MONTH (MOR-2)	\$13,772.69	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$13,772.69

* Applies to Individual debtors only

**Numbers for the current month should balance (match)

RECEIPTS and CHECKS/OTHER DISBURSEMENTS lines on MOR-8

MOR-7

CASE NAME: DRILLING STUCTURES INTERNATIONAL, INC.
CASE NUMBER: 18-33395

CASH ACCOUNT RECONCILIATION
MONTH OF Jun-18

BANK NAME	INDEPENDENT BANK	INDEPENDENT BANK	TRUSTMARK BANK	PETTY CASH	
ACCOUNT NUMBER	38164	1000675452	3008203794		
ACCOUNT TYPE	OPERATING	PAYROLL	TAX	OTHER FUNDS	TOTAL
BANK BALANCE	10,202.81	4,630.81	1,143.29	1,000.00	\$16,976.91
DEPOSITS IN TRANSIT					\$0.00
OUTSTANDING CHECKS	-156.22	3,370.44	-10.00		\$3,204.22
ADJUSTED BANK BALANCE	\$10,359.03	\$1,260.37	\$1,153.29	\$1,000.00	\$13,772.69
BEGINNING CASH - PER BOOKS	27,809.03	-1,165.30	1,442.04	1,000.00	\$29,085.77
RECEIPTS*	0.00				\$0.00
TRANSFERS BETWEEN ACCOUNTS	-17,450.00	18,694.44			\$1,244.44
(WITHDRAWAL) OR CONTRIBUTION BY INDIVIDUAL DEBTOR MFR-2			-288.75		(\$288.75)
CHECKS/OTHER DISBURSEMENTS*		16,268.77			\$16,268.77
ENDING CASH - PER BOOKS	\$10,359.03	\$1,260.37	\$1,153.29	\$1,000.00	\$13,772.69

MOR-8

*Numbers should balance (match) TOTAL RECEIPTS and
TOTAL DISBURSEMENTS lines on MOR-7

CASE NAME: DRILLING STUCTURES INTERNATIONAL, INC.
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PAYMENTS TO INSIDERS AND PROFESSIONALS

Of the total disbursements shown for the month, list the amount paid to insiders (as defined in Section 101(31)(A)-(F) of the U.S. Bankruptcy Code) and the professionals. Also, for insiders, identify the type of compensation paid (e.g., salary, commission, bonus, etc.) (Attach additional pages as necessary).

INSIDERS: NAME/COMP TYPE	MONTH 6/30/2018	MONTH	MONTH	MONTH	MONTH
1. PHILLIP RIVERA, SR/PRESIDENT/ SALARY	995.00				
2. PHILLIP RIVERA, JR/V. PRESIDENT/ SALARY	995.00				
3. SHANNON YORK/ OFFICE MANAGER/SALARY	1,384.62				
4. NYCHOLAS JAQUETTE/ SALARY & REIMB.	4,044.55				
5. ELTON YORK/ SECURITY/ SALARY	462.00				
6.					
TOTAL INSIDERS (MOR-1)	\$7,881.17	\$0.00	\$0.00	\$0.00	\$0.00

PROFESSIONALS	MONTH	MONTH	MONTH	MONTH	MONTH
1.					
2.					
3.					
4.					
5.					
6.					
TOTAL PROFESSIONALS (MOR-1)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

MOR-9